



Control Number: 51415



Item Number: 43

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415



APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

NOVEMBER 12, 2020

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**SOAH DOCKET NO. 473-21-0538
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Question No. Staff 1-1:

Please refer to page 12, Section IV of Exhibit JAC-2, which states: "The accumulated depreciation by functional group was allocated to individual plant accounts based on the calculation of a depreciation requirement (theoretical reserve) for each plant account using the average service life, curve type and net salvage amount recommend in this study."

Please provide a copy of all workpapers showing calculations of the theoretical reserve amounts by plant account for SWEPCO, or, in the alternative, provide references to all pages in the workpapers of Exhibit JAC-3 (Depreciation Study Work Papers) containing such calculations.

Response No. Staff 1-1:

Please refer to the file "Production Theo Reserve Calc 2019.xlsx" filed with the Company's application within the Native File 1 folder on the PUC Interchange for the workpaper providing the calculation of the theoretical reserve for each of the Company's production plants.

The theoretical reserve for Transmission, Distribution and General Plant is calculated in the Company's PowerPlant system and the formulas performing these calculations are proprietary and the property of PowerPlan, Inc. Therefore, no detailed calculations are available. Please see Staff 1-1 Attachment 1.pdf for the theoretical reserve report that is produced from PowerPlant showing the theoretical reserve amount for each Transmission, Distribution and General plant account.

Please refer to the file "Schedule I Depr Rates Calc SEP TX 2019.xlsx." filed with the Company's application within the Native File 1 folder on the PUC Interchange for the workpaper providing the calculation of the allocation of the actual accumulated depreciation reserve using the theoretical reserve.

Prepared By: Jason A. Cash

Title: Accounting Sr Mgr

Sponsored By: Jason A. Cash

Title: Accounting Sr Mgr

Depreciation Reserve Summary

Account: SEP 101/6 350 Land Rights
Scenario: SWEPCo Transmission 2019
Dispersion: 70 - R5

Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$98,424,907.36	\$27,572,110.00	0.2801	\$70,852,797.36	0.7199
Computed	\$98,424,907.36	\$22,347,177.17	0.2270	\$76,077,730.19	0.7730
Difference		\$5,224,932.83	0.0531	(\$5,224,932.83)	-0.0531

Depreciation Reserve Summary

Account: SEP 101/6 352
Scenario: SWEPCo Transmission 2019
Dispersion: 70 - R3.5
Average Net Salvage Rate: -7.00%
Future Net Salvage Rate: -7.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$25,073,645.93	\$5,310,124.00	0.2118	\$21,518,677.15	0.8582
Computed	\$25,073,645.93	\$4,303,851.90	0.1716	\$22,524,949.25	0.8984
Difference		\$1,006,272.10	0.0401	(\$1,006,272.10)	-0.0401

Depreciation Reserve Summary

Account: SEP 101/6 353
Scenario: SWEPCo Transmission 2019
Dispersion: 68 - S0

Average Net Salvage Rate: -9.00%
Future Net Salvage Rate: -9.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$702,710,222.85	\$142,611,017.00	0.2029	\$623,343,125.91	0.8871
Computed	\$702,710,222.85	\$115,586,135.75	0.1645	\$650,368,007.16	0.9255
Difference		\$27,024,881.25	0.0385	(\$27,024,881.25)	-0.0385

Depreciation Reserve Summary

Account: SEP 101/6 354
Scenario: SWEPCo Transmission 2019
Dispersion: 65 - L3
Average Net Salvage Rate: -18.00%
Future Net Salvage Rate: -18.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$40,325,282.27	\$26,760,051.00	0.6636	\$20,823,782.08	0.5164
Computed	\$40,325,282.27	\$21,689,003.94	0.5379	\$25,894,829.14	0.6421
Difference		\$5,071,047.06	0.1258	(\$5,071,047.06)	-0.1258

Depreciation Reserve Summary

Account: SEP 101/6 355
Scenario: SWEPCo Transmission 2019
Dispersion: 46 - S0.5
Average Net Salvage Rate: -64.00%
Future Net Salvage Rate: -64.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$759,166,339.46	\$234,301,531.00	0.3086	\$1,010,731,265.71	1.3314
Computed	\$759,166,339.46	\$189,901,236.67	0.2501	\$1,055,131,560.04	1.3899
Difference		\$44,400,294.33	0.0585	(\$44,400,294.33)	-0.0585

Depreciation Reserve Summary

Account: SEP 101/6 356
Scenario: SWEPCo Transmission 2019
Dispersion: 70 - R2
Average Net Salvage Rate: -53.00%
Future Net Salvage Rate: -53.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$426,450,497.96	\$142,670,509.00	0.3346	\$509,798,752.88	1.1954
Computed	\$426,450,497.96	\$115,634,354.40	0.2712	\$536,834,907.48	1.2588
Difference		\$27,036,154.60	0.0634	(\$27,036,154.60)	-0.0634

Depreciation Reserve Summary

Account: SEP 101/6 357
Scenario: SWEPCo Transmission 2019
Dispersion: 50 - R1.5
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$3,826,323.65	\$99,878.00	0.0261	\$3,726,445.65	0.9739
Computed	\$3,826,323.65	\$80,950.65	0.0212	\$3,745,373.00	0.9788
Difference		\$18,927.35	0.0049	(\$18,927.35)	-0.0049

Depreciation Reserve Summary

Account: SEP 101/6 358
Scenario: SWEPCo Transmission 2019
Dispersion: 50 - R1.5
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$87,633.12	\$2,718.00	0.0310	\$84,915.12	0.9690
Computed	\$87,633.12	\$2,203.02	0.0251	\$85,430.10	0.9749
Difference		\$514.98	0.0059	(\$514.98)	-0.0059

Depreciation Reserve Summary

Account: SEP 101/6 359
Scenario: SWEPCo Transmission 2019
Dispersion: 65 - R4

Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$131,946.96	\$55,815.00	0.4230	\$76,131.96	0.5770
Computed	\$131,946.96	\$45,237.46	0.3428	\$86,709.50	0.6572
Difference		\$10,577.54	0.0802	(\$10,577.54)	-0.0802

Depreciation Reserve Summary

Account: SEP 101/6 360 Land Rights
Scenario: SWEPCo Distribution 2019
Dispersion: 60 - R4
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$3,593,142.31	\$2,034,542.00	0.5662	\$1,558,600.31	0.4338
Computed	\$3,593,142.31	\$1,744,524.31	0.4855	\$1,848,618.00	0.5145
Difference		\$290,017.69	0.0807	(\$290,017.69)	-0.0807

Depreciation Reserve Summary

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Account: SEP 101/6 361
Scenario: SWEPCo Distribution 2019
Dispersion: 75 - R3

Average Net Salvage Rate: -11.00%
Future Net Salvage Rate: -11.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$9,551,154.00	\$2,064,155.00	0.2161	\$8,537,625.94	0.8939
Computed	\$9,551,154.00	\$1,769,915.19	0.1853	\$8,831,865.75	0.9247
Difference		\$294,239.81	0.0308	(\$294,239.81)	-0.0308

Depreciation Reserve Summary

Account: SEP 101/6 362
Scenario: SWEPCo Distribution 2019
Dispersion: 57 - S0.5
Average Net Salvage Rate: -16.00%
Future Net Salvage Rate: -16.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$331,732,959.47	\$90,176,696.00	0.2718	\$294,633,536.99	0.8882
Computed	\$331,732,959.47	\$77,322,252.55	0.2331	\$307,487,980.44	0.9269
Difference		\$12,854,443.45	0.0387	(\$12,854,443.45)	-0.0387

Depreciation Reserve Summary

Account: SEP 101/6 364
Scenario: SWEPCo Distribution 2019
Dispersion: 55 - S0.5
Average Net Salvage Rate: -64.00%
Future Net Salvage Rate: -64.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$470,031,668.35	\$215,028,098.00	0.4575	\$555,823,838.09	1.1825
Computed	\$470,031,668.35	\$184,376,427.86	0.3923	\$586,475,508.23	1.2477
Difference		\$30,651,670.14	0.0652	(\$30,651,670.14)	-0.0652

Depreciation Reserve Summary

Account: SEP 101/6 365
Scenario: SWEPCo Distribution 2019
Dispersion: 44 - R1
Average Net Salvage Rate: -40.00%
Future Net Salvage Rate: -40.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$474,074,113.26	\$176,744,924.00	0.3728	\$486,958,834.56	1.0272
Computed	\$474,074,113.26	\$151,550,416.31	0.3197	\$512,153,342.25	1.0803
Difference		\$25,194,507.69	0.0531	(\$25,194,507.69)	-0.0531

Depreciation Reserve Summary

Account: SEP 101/6 366
Scenario: SWEPCo Distribution 2019
Dispersion: 70 - R4

Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$71,650,931.68	\$17,519,720.00	0.2445	\$54,131,211.68	0.7555
Computed	\$71,650,931.68	\$15,022,331.53	0.2097	\$56,628,600.15	0.7903
Difference		\$2,497,388.47	0.0349	(\$2,497,388.47)	-0.0349

Depreciation Reserve Summary

Account: SEP 101/6 367
Scenario: SWEPCo Distribution 2019
Dispersion: 46 - R3
Average Net Salvage Rate: -17.00%
Future Net Salvage Rate: -17.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$234,750,023.26	\$98,481,711.00	0.4195	\$176,175,816.21	0.7505
Computed	\$234,750,023.26	\$84,443,411.49	0.3597	\$190,214,115.72	0.8103
Difference		\$14,038,299.51	0.0598	(\$14,038,299.51)	-0.0598

Depreciation Reserve Summary

Account: SEP 101/6 368
Scenario: SWEPCo Distribution 2019
Dispersion: 44 - L0
Average Net Salvage Rate: -10.00%
Future Net Salvage Rate: -10.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$406,858,745.58	\$98,045,465.00	0.2410	\$349,499,155.14	0.8590
Computed	\$406,858,745.58	\$84,069,350.95	0.2066	\$363,475,269.19	0.8934
Difference		\$13,976,114.05	0.0344	(\$13,976,114.05)	-0.0344

Depreciation Reserve Summary

Account: SEP 101/6 369
Scenario: SWEPCo Distribution 2019
Dispersion: 59 - R3
Average Net Salvage Rate: -74.00%
Future Net Salvage Rate: -74.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$96,876,860.09	\$46,236,808.00	0.4773	\$122,328,928.56	1.2627
Computed	\$96,876,860.09	\$39,645,877.36	0.4092	\$128,919,859.20	1.3308
Difference		\$6,590,930.64	0.0680	(\$6,590,930.64)	-0.0680

Depreciation Reserve Summary

Account: SEP 101/6 370
Scenario: SWEPCo Distribution 2019
Dispersion: 15 - L0

Average Net Salvage Rate: -26.00%
Future Net Salvage Rate: -26.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$85,774,920.13	\$33,901,749.00	0.3952	\$74,174,650.36	0.8648
Computed	\$85,774,920.13	\$29,069,147.41	0.3389	\$79,007,251.95	0.9211
Difference		\$4,832,601.59	0.0563	(\$4,832,601.59)	-0.0563

Depreciation Reserve Summary

Account: SEP 101/6 371
Scenario: SWEPCo Distribution 2019
Dispersion: 25 - L0
Average Net Salvage Rate: -31.00%
Future Net Salvage Rate: -31.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$44,016,256.94	\$18,135,668.00	0.4120	\$39,525,628.59	0.8980
Computed	\$44,016,256.94	\$15,550,477.59	0.3533	\$42,110,819.00	0.9567
Difference		\$2,585,190.41	0.0587	(\$2,585,190.41)	-0.0587

Depreciation Reserve Summary

Account: SEP 101/6 373
Scenario: SWEPCo Distribution 2019
Dispersion: 40 - L0
Average Net Salvage Rate: -34.00%
Future Net Salvage Rate: -34.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$42,798,294.98	\$15,311,554.00	0.3578	\$42,038,161.27	0.9822
Computed	\$42,798,294.98	\$13,128,933.67	0.3068	\$44,220,781.60	1.0332
Difference		\$2,182,620.33	0.0510	(\$2,182,620.33)	-0.0510

Depreciation Reserve Summary

Account: SEP 101/6 390
Scenario: SWEPCo General 2019
Dispersion: 58 - L0
Average Net Salvage Rate: -5.00%
Future Net Salvage Rate: -5.00%

Broad Group Procedure

January 1, 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$106,506,342.14	\$19,706,068.00	0.1850	\$92,125,591.25	0.8650
Computed	\$106,506,342.14	\$22,239,734.00	0.2088	\$89,591,925.25	0.8412
Difference		(\$2,533,666.00)	-0.0238	\$2,533,666.00	0.0238

Depreciation Reserve Summary

Account: SEP 101/6 391
Scenario: SWEPCo General 2019
Dispersion: 30 - SQ
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$9,282,783.67	\$5,965,503.00	0.6426	\$3,317,280.67	0.3574
Computed	\$9,282,783.67	\$6,732,506.46	0.7253	\$2,550,277.21	0.2747
Difference		(\$767,003.46)	-0.0826	\$767,003.46	0.0826

Depreciation Reserve Summary

Account: SEP 101/6 391 Computers
Scenario: SWEPCo General 2019
Dispersion: 7 - SQ
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$45,522.99	\$23,373.00	0.5134	\$22,149.99	0.4866
Computed	\$45,522.99	\$26,377.93	0.5794	\$19,145.06	0.4206
Difference		(\$3,004.93)	-0.0660	\$3,004.93	0.0660

Depreciation Reserve Summary

Account: SEP 101/6 392
Scenario: SWEPCo General 2019
Dispersion: 20 - SQ
Average Net Salvage Rate: 3.00%
Future Net Salvage Rate: 3.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$4,118,517.94	\$1,782,172.00	0.4327	\$2,212,790.40	0.5373
Computed	\$4,118,517.94	\$2,011,310.87	0.4884	\$1,983,651.53	0.4816
Difference		(\$229,138.87)	-0.0556	\$229,138.87	0.0556

Depreciation Reserve Summary

Account: SEP 101/6 393
Scenario: SWEPCo General 2019
Dispersion: 30 - SQ
Average Net Salvage Rate: -2.00%
Future Net Salvage Rate: -2.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$3,121,778.35	\$1,597,610.00	0.5118	\$1,586,603.92	0.5082
Computed	\$3,121,778.35	\$1,803,019.92	0.5776	\$1,381,194.00	0.4424
Difference		(\$205,409.92)	-0.0658	\$205,409.92	0.0658

Depreciation Reserve Summary

Account: SEP 101/6 394
Scenario: SWEPCo General 2019
Dispersion: 35 - SQ
Average Net Salvage Rate: -1.00%
Future Net Salvage Rate: -1.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$28,793,058.35	\$8,738,451.00	0.3035	\$20,342,537.93	0.7065
Computed	\$28,793,058.35	\$9,861,979.66	0.3425	\$19,219,009.27	0.6675
Difference		(\$1,123,528.66)	-0.0390	\$1,123,528.66	0.0390

Depreciation Reserve Summary

Account: SEP 101/6 395
Scenario: SWEPCo General 2019
Dispersion: 35 - SQ
Average Net Salvage Rate: -2.00%
Future Net Salvage Rate: -2.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$5,501,274.82	\$3,516,707.00	0.6393	\$2,094,593.32	0.3807
Computed	\$5,501,274.82	\$3,968,861.41	0.7214	\$1,642,438.91	0.2986
Difference		(\$452,154.41)	-0.0822	\$452,154.41	0.0822

Depreciation Reserve Summary

Account: SEP 101/6 396
Scenario: SWEPCo General 2019
Dispersion: 20 - SQ
Average Net Salvage Rate: 2.00%
Future Net Salvage Rate: 2.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$698,226.82	\$271,725.00	0.3892	\$412,537.28	0.5908
Computed	\$698,226.82	\$306,662.40	0.4392	\$377,599.88	0.5408
Difference		(\$34,937.40)	-0.0500	\$34,937.40	0.0500

Depreciation Reserve Summary

Account: SEP 101/6 397
Scenario: SWEPCo General 2019
Dispersion: 20 - SQ
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$43,330,733.10	\$13,550,176.00	0.3127	\$29,780,557.10	0.6873
Computed	\$43,330,733.10	\$15,292,362.27	0.3529	\$28,038,370.83	0.6471
Difference		(\$1,742,186.27)	-0.0402	\$1,742,186.27	0.0402

Depreciation Reserve Summary

Account: SEP 101/6 398
Scenario: SWEPCo General 2019
Dispersion: 20 - SQ
Average Net Salvage Rate: 0.00%
Future Net Salvage Rate: 0.00%

Broad Group Procedure

January 1 , 2020

	Plant Amt	<u>Depreciation Reserve</u>		<u>Net Plant</u>	
		Amount	Ratio	Amount	Ratio
Recorded	\$2,423,516.19	\$1,016,338.00	0.4194	\$1,407,178.19	0.5806
Computed	\$2,423,516.19	\$1,147,012.30	0.4733	\$1,276,503.89	0.5267
Difference		(\$130,674.30)	-0.0539	\$130,674.30	0.0539